

From: Josh Finer [josh@lbry.com]
on behalf of Josh Finer <josh@lbry.com> [josh@lbry.com]
Sent: 3/17/2021 2:53:25 PM
To: Kyle [Kyle.Shuckerow@rsmus.com]; Kelley [Kelley.Brennan@rsmus.com]; Julia [Julia.Roy@rsmus.com]
CC: Jeremy Kauffman [jeremy@lbry.com]
Subject: Re: Pillar I - Audit Confirmation
Attachments: LBRY Inc. Investment Confirmation - FPF v2.pdf; ProfitandLoss.pdf; BalanceSheet.pdf; LBRY, Inc. - Incorporation - Certificate of Incorporation (87284v1) (2) (1).pdf; LBRY_-_Token_Issuance_Agreement_-_VERSION_TWODOC (1).pdf

Please find the requested documents attached.

Josh Finer
LBRY INC

On Mon, Feb 22, 2021 at 4:56 PM Jeremy Kauffman <jeremy@lbry.com> wrote:

----- Forwarded message -----

From: **Tesoro, Jonathan** <Jonathan.Tesoro@rsmus.com>
Date: Mon, Feb 22, 2021 at 2:12 PM
Subject: Pillar I - Audit Confirmation
To: jeremy@lbry.io <jeremy@lbry.io>
Cc: Shuckerow, Kyle <Kyle.Shuckerow@rsmus.com>, Brennan, Kelley <Kelley.Brennan@rsmus.com>, Roy, Julia <Julia.Roy@rsmus.com>

Hello,

I hope this email finds you well.

We are currently auditing Pillar I, L.P. for the year ended December 31, 2020. As part of our testing procedures, we are confirming investments which the fund holds. If you could at your earliest convenience complete the attached confirmation request and return the signed confirmation back to me or Kyle Shuckerow (kyle.shuckerow@rsmus.com), it would be greatly appreciated.

Please feel free to reach out to me if you have any questions.

Thanks!

Jonathan

Jonathan Tesoro
Assurance Associate

RSM US LLP
80 City Square, Boston, MA, 02129
D: 617.241.4659 F: 617.912.9001 | E: Jonathan.Tesoro@rsmus.com | W: www.rsmus.com



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Jeremy Kauffman, CEO & Founder, LBRY
(267) 210-4292



January 22, 2021

Jeremy Kauffman
LBRY Inc.
834 Elm St.
Manchester, NH 03101

Dear Jeremy Kauffman,

Our auditors, RSM US LLP are currently engaged in an audit of Founding Pillar Fund, LLC's financial statements as of December 31, 2020. In connection therewith, please complete the attached confirmation related to Founding Pillar Fund, LLC's investment in LBRY Inc. and return it along with any other requested information to Attn: Kyle Shuckerow, 80 City Square Boston, MA, 02129. A business reply envelope is enclosed for your convenience. You may also return the signed confirmation directly to Kyle.Shuckerow@rsmus.com.

If you have any questions regarding this request, please contact Kyle Shuckerow at Kyle.Shuckerow@rsmus.com. We greatly appreciate your cooperation with our auditors and, specifically, your assistance with this confirmation.

Sincerely,

Founding Pillar Fund, LLC

A handwritten signature in black ink, appearing to read "Jamie Goldstein".

Jamie Goldstein
Managing Member

Enclosure



Page 2

Please provide the following information for Founding Pillar Fund, LLC's investment in LBRY Inc. as of and for the year ended December 31, 2020.

1. Founding Pillar Fund, LLC's investment in LBRY Inc. as of December 31, 2020:

| Type of Shares | Investment Date | Number of Shares | Investment Amount |
|------------------|-----------------|------------------|-------------------|
| Unconverted Debt | 8/31/2017 | unconverted | \$300,000 |

2. Financial Information as of December 31, 2020.

NOTE: Alternatively, you may provide RSM US LLP with an electronic copy of the management reporting package you provided to the fund.

Revenue

Depreciation

EBITDA

EBIT

Net Income

attached

3. Fully diluted ownership interest December 31, 2020
4. Cash distributions/dividends/interest/fees paid to Founding Pillar Fund, LLC
5. December 31, 2020 or most recent audited financial statements available
6. December 31, 2020 internal financial statements. attached
7. Capitalization table as of December 31, 2020 or most recent capitalization table available attached
8. Most recent articles of incorporation or operating agreement attached

The above/enclosed information provided is correct and complete to the best of my knowledge.

Comments:

SIGNATURE

DATE

PRINT NAME AND TITLE

PHONE NUMBER

LBRY Inc

Profit and Loss

January - December 2020

| | TOTAL |
|------------------------------------|-----------------------|
| Income | |
| Refunds-Allowances | 110.00 |
| Sale of LBC | 1,423,716.70 |
| Sales | 1,399.40 |
| Sales of Product Income | 414.51 |
| Services | 6,105.72 |
| Total Income | \$1,431,746.33 |
| GROSS PROFIT | \$1,431,746.33 |
| Expenses | |
| Advertising | 72,465.80 |
| Bank Charges | 845.82 |
| Charitable Contributions | 250.00 |
| Computer & Internet | 7,957.04 |
| Dues & Subscriptions | 3,081.00 |
| Insurance | 6,455.63 |
| International Employee & Freelance | 339,823.56 |
| Legal & Professional Fees | 41,131.25 |
| Meals and Entertainment | 206.95 |
| Office Expenses | 7,683.25 |
| Payroll Expenses | |
| Taxes | 59,316.00 |
| Wages | 712,632.50 |
| Total Payroll Expenses | 771,948.50 |
| Reimbursements | 47,311.12 |
| Rent or Lease | 44,588.40 |
| Servers | 276,811.31 |
| Taxes & Licenses | 4,314.87 |
| Travel | 97.01 |
| Travel Meals | 505.10 |
| Utilities & SaaS | 96,300.08 |
| Total Expenses | \$1,721,776.69 |
| NET OPERATING INCOME | \$ -290,030.36 |
| Other Income | |
| Interest Earned | 12.37 |
| Other Ordinary Income | 1,206.44 |
| Total Other Income | \$1,218.81 |
| Other Expenses | |
| Unrealized Gain or Loss | 0.00 |
| Total Other Expenses | \$0.00 |
| NET OTHER INCOME | \$1,218.81 |
| NET INCOME | \$ -288,811.55 |

LBRY Inc

Balance Sheet

As of December 31, 2020

| | TOTAL |
|---------------------------------------|-----------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| LBRY Credits for 1099 | 0.00 |
| Mercury | 171,986.81 |
| PEX Prepaid Account | 4,300.52 |
| SunTrust Checking | 83,378.71 |
| SunTrust Money Market | 1,000.06 |
| TD BUSINESS CONVENIENCE PLUS (X 5876) | 0.00 |
| Total Bank Accounts | \$260,666.10 |
| Other Current Assets | |
| LBRY Credits | 2,037,064.00 |
| Inventory - Mark to Market | 3,808,700.20 |
| Total LBRY Credits | 5,845,764.20 |
| Payroll Refunds | 1.05 |
| Uncategorized Asset | 872,836.00 |
| Total Other Current Assets | \$6,718,601.25 |
| Total Current Assets | \$6,979,267.35 |
| Other Assets | |
| Bitcoin | 698,850.61 |
| Total Other Assets | \$698,850.61 |
| TOTAL ASSETS | \$7,678,117.96 |

LBRY Inc

Balance Sheet

As of December 31, 2020

| | TOTAL |
|--|---------------------|
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| Accounts Payable (A/P) | 1,680.00 |
| Accounts Payable (A/P) - CAD | 0.00 |
| Total Accounts Payable | \$1,680.00 |
| Other Current Liabilities | |
| Direct Deposit Payable | 0.00 |
| Loan Payable | 218,497.00 |
| Payroll Liabilities | |
| CA PIT / SDI | 0.00 |
| CA SUI / ETT | 0.00 |
| CT Income Tax | 0.00 |
| Federal Taxes (941/944) | 14,260.38 |
| Federal Unemployment (940) | 420.00 |
| LA Income Tax | 0.00 |
| LBC Buy Program | 17,700.00 |
| MA Income Tax | 898.31 |
| MI Income Tax | 1,018.92 |
| MI Unemployment Tax | 0.00 |
| NH Unemployment Tax | 0.00 |
| NJ Income Tax | 343.14 |
| NJ Quarterly Taxes | 117.60 |
| OK Income Tax | 0.00 |
| PA Income Tax | 460.50 |
| PA Local Tax | 0.00 |
| PA Unemployment Tax | 18.00 |
| SC Income Tax | 0.00 |
| SC Unemployment Tax | 0.00 |
| TN Quarterly Taxes | 0.00 |
| TX Unemployment Tax | 0.00 |
| UT Income Tax | 0.00 |
| UT Unemployment Tax | 0.00 |
| Total Payroll Liabilities | 35,236.85 |
| Total Other Current Liabilities | \$253,733.85 |
| Total Current Liabilities | \$255,413.85 |
| Total Liabilities | \$255,413.85 |

LBRY Inc

Balance Sheet

As of December 31, 2020

| | TOTAL |
|-------------------------------------|-----------------------|
| Equity | |
| Common Stock | 347,600.00 |
| Federal Taxes Paid | -492,013.12 |
| LBRY Credits Par Value | 3,816,039.53 |
| Opening Balance Equity | 69,231.22 |
| Retained Earnings | 569,195.03 |
| Treasury Stock | -200,000.00 |
| Unrealized Gain/Loss BTC | -1,303,062.00 |
| Unrealized gain/loss LBC | 4,904,525.00 |
| Net Income | -288,811.55 |
| Total Equity | \$7,422,704.11 |
| TOTAL LIABILITIES AND EQUITY | \$7,678,117.96 |

CERTIFICATE OF INCORPORATION

OF

LBRY, INC.

ARTICLE I

The name of the corporation is LBRY, Inc. (the “**Corporation**”).

ARTICLE II

The address of the Corporation’s registered office in the State of Delaware is One Commerce Center - 1201 Orange St. #600, Wilmington, New Castle County, Delaware 19899. The name of its registered agent at such address is InCorp Services, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE IV

The aggregate number of shares which the Corporation shall have authority to issue is 10,000,000 shares of capital stock all of which shall be designated “Common Stock” and have a par value of \$0.00001 per share.

ARTICLE V

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation. In furtherance of and not in limitation of the powers conferred by the laws of the state of Delaware, the Board of Directors of the Corporation is expressly authorized to make, amend or repeal Bylaws of the Corporation.

ARTICLE VI

(A) To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

(B) The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation.

(C) Neither any amendment nor repeal of this Article VI, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Article VI, shall eliminate or reduce the effect of this Article VI in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VII

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, (C) any action or proceeding asserting a claim against the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or Bylaws, or (D) any action or proceeding asserting a claim against the Corporation governed by the internal affairs doctrine.

ARTICLE VIII

The name and mailing address of the incorporator are as follows:

Jeremy Kauffman
1214 S 45th St. Philadelphia, PA 19143

Executed on April 26, 2015.

E-signed using Clarkey (d577767573fca69bd40404c4f4280807)

Jeremy Kauffman

Jeremy Kauffman, Incorporator

TOKEN ISSUANCE AGREEMENT

THIS TOKEN ISSUANCE AGREEMENT (the “Agreement”) is entered into as of September 4, 2018 by **LBRY, INC.**, a Delaware corporation (the “Company”), and **PILLAR I (AIV), LP**, a Delaware limited partnership (the “Grantee”).

SECTION 1. ISSUANCE OF TOKENS.

(a) **Transfer.** On the terms and conditions set forth in this Agreement, the Company agrees to issue 2,000,000 LBRY credits (the “Tokens”) to the Grantee. The issuance shall occur at the offices of the Company on the date set forth above or at such other place and time as the parties may agree. Grantee shall provide the Company a network address to which the Company shall deliver the Tokens.

(b) **Consideration.** The Grantee and the Company agree that the Tokens are being granted in consideration of services performed by the Grantee and certain of its affiliates for the Company, and other good and valuable consideration provided by Grantee and its affiliates from time to time.

SECTION 2. RESTRICTIONS ON USE.

The Tokens acquired pursuant to this Agreement shall be subject to a general prohibition on the Grantee’s ability to sell, transfer, spend, exchange or otherwise make use of the Tokens until the date one year after the date hereof.

SECTION 3. ENTIRE AGREEMENT.

This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. It supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

SECTION 4. CHOICE OF LAW.

This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, as such laws are applied to contracts entered into and performed in such Commonwealth.


[remainder of page intentionally left blank]

SECTION 5. IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

GRANTEE:

PILLAR I (AIV), LP

By: Pillar I GP, LLC, its General Partner

By: 
Jamie Goldstein
Managing Member

COMPANY

LBRY, INC.



By:
Jeremy Kauffman
CEO

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